

STATE OF NEW YORK

DEPARTMENT OF TAXATION AND FINANCE

BOARD OF CONFERES - CORPORATION TAX BUREAU

In the Matter of the Application :
of :
PARIBAS CORPORATION : Hearing Case No. 6235
for revision or refund of franchise :
tax under Article 9-A of the Tax :
Law for the fiscal year ended :
September 30, 1963. :

On March 13, 1964 the taxpayer filed a completed franchise tax return and computed the following tax for the fiscal year ended September 30, 1963:

Business Capital	\$3,158,322.52	
Business allocation	100%	
Allocated business capital		\$3,158,322.52
Investment Capital	\$5,812,134.75	
Investment allocation	01.0429%	
Allocated investment capital		60,614.75
Total allocated capital		3,218,937.27
Tax at 1 Mill		\$ 3,218.94

The taxpayer is a broker dealing mostly in United States, State, Authorities, and Municipal securities.

A rider attached to form CT-7, timely filed on March 13, 1967, states as follows:

"STATEMENT AND COMPUTATION OF ADJUSTMENT"

"For the fiscal year ending September 30, 1963, taxpayer computed New York State Franchise Tax liability based on business and investment capital located within the state. Current liabilities attributable to investment and business capital were inadvertently allocated disproportionately between the two items of capital. Based on a recomputation of such liabilities which are specifically identifiable with each segment of capital, taxpayer is entitled to a refund of New York State Franchise Tax in the amount of \$3,067.70 (plus any other additional sums which may, by law, be due) as computed below:

Total capital as originally reported on Form CT-3	\$8,970,457.27
Original investment capital before deduction for:	
Liabilities attributable thereto	\$18,274,254.75
Less-Current liabilities specifically attributable to investment capital, as corrected	<u>8,667,858.40</u>
Corrected investment capital	<u>9,606,396.35</u>
Corrected business capital (100% business allocation)	None
Corrected Investment capital	8,970,457.27
Investment capital allocation as originally filed	1.0429%
Corrected allocated investment capital	<u>93,552.90</u>
Corrected business capital	<u>None</u>
Total capital as corrected	<u>\$ 93,552.90</u>
Corrected tax on capital @ .001	<u>\$ 93.55</u>

"Tax on income as revised in accordance with Internal Revenue Service adjustments as reported on form CT-3360, a copy of which is attached
Tax on capital as originally filed

\$ 151.24
3,218.94

\$ 3,067.70.

Decrease in tax

Arthur Andersen & Co. letter of July 20, 1967 stated the taxpayer's current liabilities were attributed to business and investment capital as follows:

"The current liabilities represent short-term loans for which business and/or investment securities were held as collateral by the creditors, the pledged securities having been purchased with the loans they secured. In instances where a short-term loan was secured by both business and investment securities the loan was attributed to either business or investment capital in proportion to the respective ratios of the pledged business securities or investment securities to the total collateral."

We agree with the taxpayer's claim and the tax has been corrected.

On the same basis the taxpayers have filed claims for refunds of \$4,051.43 and \$3,557.99 for the fiscal years ended September 30, 1964 and 1965. Form CT-122 attached to the reports for said years will require the signature of a Tax Commissioner.

/s/

WILLIAM F. SULLIVAN

Chairman

/s/

DONALD H. GILHOOLY

/s/

J. J. GENEVICH

WFS:MB
10/25/67

Approved
E. A. DORAN

APPROVED: WALTER MACLYN CONLON 15 NOV. '67